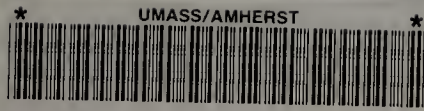


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Board of Regents of Higher Education

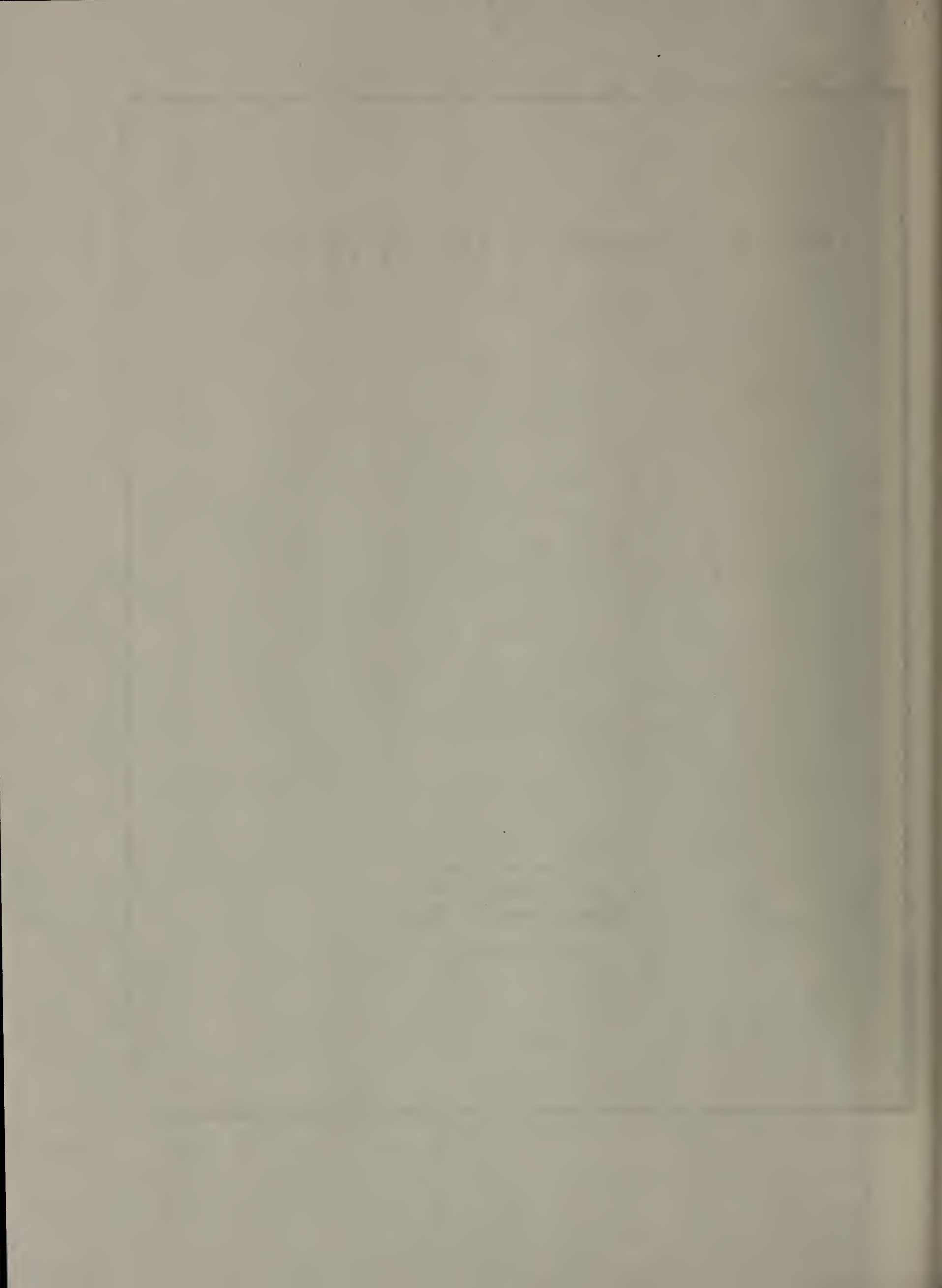
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COLLECTION

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Report of Audit Results and Activities for the Regents Compliance Unit

May 1, 1990 To October 31, 1990





THE COMMONWEALTH OF MASSACHUSETTS
BOARD OF REGENTS OF HIGHER EDUCATION

Compliance Unit
75 Arlington Street, Room 530
Boston, Massachusetts 02116
(617) 727-5518

November 30, 1990

To: Senator Patricia McGovern
Senate Committee on Ways & Means

Chairman Richard A. Voke, Chairman
House Committee on Ways & Means

State Auditor Joseph A. DeNucci
Office of the Auditor

Comptroller William Kilmartin
Office of Comptroller

Inspector General Joseph Barressi
Office of Inspector General

Secretary L. Edward Lashman
Executive Office of Administration
& Finance

Thru: Randolph W. Bromery
Chancellor

A handwritten signature in dark ink, appearing to read "R. W. Bromery".

From: Joseph J. Casarano
Director of Compliance Unit

A handwritten signature in dark ink, appearing to read "Joseph J. Casarano".

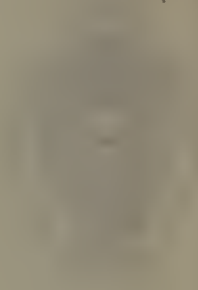
Re: Report of Audit Results and Activities for the Office of Compliance

I am pleased to submit here with the fourth Report of Audit Results and Activities for the Office of Compliance as authorized by Chapter 199 of the Acts of 1987. This report summarizes the activities and accomplishments of the Office of Compliance during the six-month period ended October 31, 1990.

The work of the Compliance Unit is directed toward assisting all levels of management of the public institutions of higher education and the Regents Office in the discharge of their fiscal responsibilities through the financial and programmatic audits of all accounts administered under the auspices of public higher education. We are also charged with preventing and detecting fraud, waste and abuse in the System's operations and programs.

Highlights of the Office of Compliance activities are included in Appendix A and copies of Audit Reports are in Appendix B. Future Audit Plans appear under Appendix C and the Organizational Structure of the Compliance Unit is under Appendix D.

I hope this information will be useful, and I welcome comments and suggestions regarding any audit information that would be of further help to monitor higher education expenditures and improve the efficiency and effectiveness of higher education programs.



OFFICE OF THE
MANAGING EDITOR
535 N. Dearborn St., Chicago, Ill.

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APPENDIX A
BOARD OF REGENTS OF HIGHER EDUCATION
OFFICE OF COMPLIANCE
SUMMARY OF AUDIT RESULTS AND ACTIVITIES
MAY 1, 1990 TO OCTOBER 31, 1990

APPENDIX A
BOARD OF REGENTS OF HIGHER EDUCATION
OFFICE OF COMPLIANCE
SUMMARY OF AUDIT RESULTS AND ACTIVITIES
MAY 1, 1990 TO OCTOBER 31, 1990

- o As we noted in our previous audit report, Roxbury Community College's Enrollment Management team was not fully complying with a number of Department of Education's federal regulations governing participation in Title IV Programs. The major reason given for our review was to prepare Roxbury Community College (RCC) for the upcoming audit of federal financial assistance programs in accordance with the Single Audit Act of 1984. The current Single Audit covers award years 1989 and 1990 and is being conducted by the independent audit firm of Deloitte & Touche with the assistance of the Office of the State Auditor. RCC has experienced a major change in personnel and has implemented a new organizational structure. Understandably, RCC's efforts have been dedicated to current operations and the future. Unfortunately, deficiencies noted in our last audit report were not corrected and the resources of the Compliance Unit have again been loaned to Roxbury Community College to assist them through the Single Audit of Student Financial Aid Programs for award years 1989 and 1990. The current Single Audit at RCC should be completed by December.
- o Our effort in regards to the National Defense Student Loan Program at Roxbury Community College continues. The Compliance Unit is still working towards the goal of being able to prove to the U.S. Department of Education that "Due Diligence" has been performed. We have resumed the billing of all student loan accounts and are skip tracing those accounts with bad addresses. Skip tracing of borrowers is an on-going project necessitated by the U.S. Department of Education requirement that any loan to be assigned must have a correct social security number and a current address. Progress continues to be made. Roxbury Community College had originally loaned out \$267,394 to 749 borrowers; as of June 30, 1989, there was \$260,000 in loan principal outstanding to 655 borrowers; as of June 30, 1990, there was \$204,299 in loan principal outstanding to 525 borrowers.
- o A new area involves the implementation of Chapter 647, an Act relative to improving the internal controls within state agencies which became effective April 3, 1990. Internal Control is the plan of organization and methods of procedures adopted by management to ensure that:
 - a) resources use is consistent with laws, regulations and policies,
 - b) resources are safeguarded against waste, loss and misuse, and
 - c) reliable data are obtained, maintained and fairly disclosed in reports.

We are working with the campuses and the Office of the State Auditor to assure compliance with this law.

APPENDIX A (Cont.)

- o We continued our participation in the effort surrounding the accounting and reporting of non-appropriated funds (trust funds) as mandated by the Board of Regents' guidelines entitled "Board of Regents Standards for Expenditure of Trust Funds". These Guidelines provide sound, accountable, management practices for non-appropriated funds, while preserving budgetary flexibility for individual institutions. We have started our audit of compliance with these guidelines. Phase one will consist of a review and verification of policies and procedures for establishing, monitoring and reporting non-appropriated funds. Phase two will review expenditures for compliance with the "Standards for the Expenditure of Trust Funds" and individual trust fund restrictions.
- o Efforts of the Joint Task Force on Higher Education Non-Appropriated Funds continue. This Task Force is comprised of representatives from Higher Education, The Comptroller, and the State Treasurer. For the past two and one-half years, the Task Force and its subcommittees have been working on projects to improve the reporting on non-appropriated funds and utilize the cash management facilities of the State Treasurer. All 27 schools are now in the process of reporting their non-appropriated funds' financial information on a monthly basis to the Comptroller. This monthly reporting will provide information to better understand the special role that non-appropriated funds have in the operations of our campuses, as well as, support the integrity and legitimacy of these funds. In addition, all campuses will be able to use the State Treasurer's facilities for the investment of cash. This will allow campuses to consolidate bank accounts and earn higher interest rates on available cash balances.
- o The Compliance Unit is continuing its efforts in the annual audits of all revenues and expenditures relating to Tuition Retention. Six audits were completed. Overall, Tuition Retention Regulations are being followed. (See Appendix B)
- o The Compliance Unit continues to participate in the Commonwealth's Single Audit effort. A Memorandum of Understanding was signed between the Board of Regent's Compliance Unit and Deloitte & Touche agreeing to the following approach in coordinating the audits for fiscal years ending June 30, 1989 through 1993. The Compliance Unit will perform the audit follow-up work at the Institutions of Higher Education. This will include all audited institutions except for the University of Massachusetts because of its size and Roxbury Community Community because of our special involvement in prior years. The purpose of the follow-up work is to determine the extent of the institution's implementation of the corrective action plan established as a result of the audit findings. Follow-up audits were completed at seven schools (see Appendix B). Overall, improvements were noted or corrective actions implemented. However, in the area of cash management involving the Federal College Work Study program, excess cash remains a problem. New remedies have been suggested to correct this problem.

APPENDIX B

BOARD OF REGENTS OF HIGHER EDUCATION

OFFICE OF COMPLIANCE

AUDIT REPORTS

APPENDIX B

BOARD OF REGENTS OF HIGHER EDUCATION

OFFICE OF COMPLIANCE

AUDIT REPORTS

TUITION RETENTION AUDITS (6)

1. To: George Traicoff, President, North Shore Community College
Re: Tuition Retention Program
2. To: Paul E. Weller, President, Framingham State College
Re: Tuition Retention Program
3. To: John R. Dimitry, President, Northern Essex Community College
Re: Tuition Retention Program
4. To: William F. O'Neil, President, Massachusetts College of Art
Re: Tuition Retention Program
5. To: William T. Hogan, President, University of Lowell
Re: Tuition Retention Program
6. To: Evan S. Dobelle, President, Middlesex Community College
Re: Tuition Retention Program

SINGLE AUDIT FOLLOW-UP (7)

7. Mr. Howard Olsher, Director of State Audits
Single Audit Follow-up at Bridgewater State College
8. Mr. Howard Olsher, Director of State Audits
Single Audit Follow-up at Springfield Technical Community College
9. Mr. Howard Olsher, Director of State Audits
Single Audit Follow-up at Fitchburg State College
10. Mr. Howard Olsher, Director of State Audits
Single Audit Follow-up at Salem State College
11. Mr. Howard Olsher, Director of State Audits
Single Audit Follow-up at Mass Bay Community College
12. Mr. Howard Olsher, Director of State Audits
Single Audit Follow-up at Greenfield Community College
13. Mr. Howard Olsher, Director of State Audits
Single Audit Follow-up at Massachusetts College of Art

AUDIT REPORT
ITEM 1

May 21, 1990

George Traicoff, President
North Shore Community College
Three Essex St.
Beverly, MA 01915

Dear President Traicoff:

We have completed our review of North Shore Community College's Tuition Retention Program for the period July 1, 1988 to June 30, 1989.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 164 of the Acts of 1988, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for:
 - a. Receipts and Revenues
 - b. Expenditures
2. Review of records to evaluate their completeness and accuracy as reported on MMARS.
3. Other review procedures to test for the colleges compliance with applicable laws and regulations that may have a material affect.

Conclusion:

Based on our review, North Shore Community College, with the exception of understating Tuition Retention by \$1,188, has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

Joseph J. Casarano

Joseph J. Casarano
Director, Compliance Unit

cc: J. Reeves
R. Southwick
R. Bromery
Board of Regents

EXHIBIT I

NORTH SHORE COMMUNITY COLLEGE AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit
Audit Scope: Fiscal Year 1989 Tuition Retention Dollars
Exit Conference Date: May 18, 1990 via Telephone
Exit Conference Attendees: J. Reeves, J. Sampson

A. Tuition Receipts:

Total tuition retention dollars calculated and credited by the college in F/Y 89 was \$129,410 on tuition dollars collected of \$1,560,955.

B. Tuition Retention Calculation:

Our review finds that total tuition retention earned should be \$130,598. The college used the percentage method. This method applies the percent of increase to tuition collected or satisfied by qualifying waiver to calculate tuition retention. The variables not considered in the college's computation were the higher percentage rate for foreign and non-resident students and an adjustment for student tuition accounts which are part-paid; payment credits on tuition accounts which are less than the appropriate 1988 fiscal year base do not earn tuition retention.

Recommendation:

We recommend that the college make an adjustment to the tuition retention account in fiscal year 1990, to recognize the understated income of \$1,188 identified in our review. We also recommend that a system which bases tuition retention on individual student accounts (specific identification) be considered for F/Y 90. If this is not possible, the current methodology should be adjusted to adequately account for variables in the tuition retention system.

C. Reporting Requirements:

Our review of the college's requirement to submit spending plans noted that the plans were adequate in their breakdown of accounts and were filed with the Board of Regents.

D. Disbursements:

The college's expenditure of tuition retention revenue conformed to guidelines set forth by the Board of Regents of Higher Education. Our compliance test of expenditures showed no indications that any of the tuition retention funds were used to support regular "account 01" employees or pay for general plant operations "account 08" as defined in the Commonwealth's list of subsidiary accounts.

E. Board Approval:

During our review, we noted that the required Board of Trustees approval was obtained.

AUDIT REPORT
ITEM 2

June 11, 1990

Paul E. Weller, President
Framingham State College
100 State St.
Framingham, MA 01701

Dear President Weller:

We have completed our review of Framingham State College's Tuition Retention Program for the period July 1, 1988 to June 30, 1989.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 164 of the Acts of 1988, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for:
 - a. Receipts and Revenues
 - b. Expenditures
2. Review of records to evaluate their completeness and accuracy as reported on MMARS.
3. Other review procedures to test for the college's compliance with applicable laws and regulations that may have a material affect.

Conclusion:

Based on our review, Framingham State College has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

Joseph J. Casarano

Joseph J. Casarano

Director, Compliance Unit

cc: J. Horrigan
B. Walker
R. Bromery
Board of Regents

EXHIBIT I

FRAMINGHAM STATE COLLEGE AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit
Audit Scope: Fiscal Year 1989 Tuition Retention Dollars
Exit Conference Date: June 11, 1990: via telephone
Exit Conference Attendees: J. Horrigan and J. Sampson

A. Tuition Receipts:

Total tuition retention dollars calculated and credited by the college in F/Y 89 was \$259,780 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 89 of \$3,139,563.

B. Tuition Retention Calculation:

The college used a percentage method to calculate tuition retention this method applies the appropriate rate of increase to each category of tuition. No exceptions were noted.

C. Reporting Requirements:

Our review of the college's requirement to submit spending plans noted that the plans were adequate in their breakdown of accounts and were timely filed with the Board of Regents.

D. Disbursements:

The college's expenditure of tuition retention revenue conformed to guidelines set forth by the Board of Regents of Higher Education. Our compliance test of expenditures showed disbursements being made through subsidiary accounts 11, 13 and 14; our tests showed no indications that any of the tuition retention funds were used to support regular "account 01" employees or pay for general plant operations "account 08" as defined in the Commonwealth's list of subsidiary accounts.

E. Board Approval:

Our review noted the required Board of Trustees approval was obtained.

AUDIT REPORT

ITEM 3

June 29, 1990

John R. Dimitry, President
Northern Essex Community College
100 Elliot Way.
Haverhill, MA 01830

Dear President Dimitry:

We have completed our review of Northern Essex Community College's Tuition Retention Program for the period July 1, 1988 to June 30, 1989.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 164 of the Acts of 1988, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for:
 - a. Receipts and Revenues
 - b. Expenditures
2. Review of records to evaluate their completeness and accuracy as reported on MMARS.
3. Other review procedures to test for the college's compliance with applicable laws and regulations that may have a material affect.

Conclusion:

Based on our review, Northern Essex Community College has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

Joseph J. Casarano

Joseph J. Casarano
Director, Compliance Unit

cc: J. Brown
M. Goudreault
R. Bromery
Board of Regents

EXHIBIT I

NORTHERN ESSEX COMMUNITY COLLEGE AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit
Audit Scope: Fiscal Year 1989 Tuition Retention Dollars
Exit Conference Date: June 27, 1990: via telephone
Exit Conference Attendees: J. Brown and J. Sampson

A. Tuition Receipts:

Total tuition retention dollars calculated and credited by the college in F/Y 89 was \$172,000 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 89 of \$2,049,635.

B. Tuition Retention Calculation:

The college used a percentage method to calculate tuition retention. This method applies the appropriate rate of increase to each category of tuition. No exceptions were noted.

C. Reporting Requirements:

Our review of the college's requirement to submit spending plans noted that the plans were adequate in their breakdown of accounts and were timely filed with the Board of Regents.

D. Disbursements:

The college's expenditure of tuition retention revenue conformed to guidelines set forth by the Board of Regents of Higher Education. Our compliance test of expenditures showed disbursements being made through subsidiary accounts: 03, 12, 13, 14 and 15. There was no indication that tuition retention funds were being used to support regular "account 01" employees or pay for general plant operations "account 08" as defined in the Commonwealth's list of subsidiary accounts.

E. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

AUDIT REPORT
ITEM 4

July 23, 1990

William F. O'Neil, President
Massachusetts College of Art
621 Huntington Ave.
Boston, MA 02115

Dear President O'Neil:

We have completed our review of Massachusetts College of Art's Tuition Retention Program for the period July 1, 1988 to June 30, 1989.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 164 of the Acts of 1988, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for:
 - a. Receipts and Revenues
 - b. Expenditures
2. Review of records to evaluate their completeness and accuracy as reported on MMARS.
3. Other review procedures to test for the college's compliance with applicable laws and regulations that may have a material affect.

Conclusion:

Based on our review, Massachusetts College of Art has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,

Joseph J. Casarano

Joseph J. Casarano

Director, Compliance Unit

cc: M. Spolidoro
P. McNichols
R. Bromery
Board of Regents

EXHIBIT I

MASSACHUSETTS COLLEGE OF ART AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit
Audit Scope: Fiscal Year 1989 Tuition Retention Dollars
Exit Conference Date: July 11, 1990
Exit Conference Attendees: M. Spolidoro, D. Arpino, J. Sampson

A. Tuition Receipts:

Total tuition retention dollars calculated and credited by the college in F/Y 89 was \$99,303 on tuition dollars collected and deposited with the Treasurer of the Commonwealth in F/Y 89 of \$1,078,289.

B. Tuition Retention Calculation:

The college used a specific identification method to calculate tuition retention. This method manually identifies each student by account and amount then captures the appropriate amount of retention. Our review noted the lack of an updated accounts receivable file as of 6/30/89. The college stated that prior year accounts receivable information is on computer tape but has not been updated on a current basis (application of financial aid and other payments).

Recommendation:

We recommend that prior year accounts receivable files be included on the active file. If this is not possible then we suggest that a hard copy of receivable information be created and updated manually on a current basis.

C. Reporting Requirements:

Our review of the college's requirement to submit spending plans noted that the plans were adequate in their breakdown of accounts and were filed with the Board of Regents.

D. Disbursements:

The college's expenditure of tuition retention revenue conformed to guidelines set forth by the Board of Regents of Higher Education. Our compliance test of expenditures showed disbursements being made through subsidiary account: 03. There was no indications that tuition retention funds were being used to support regular "account 01" employees or pay for general plant operations "account 08" as defined in the Commonwealth's list of subsidiary accounts.

E. Board Approval:

Our review noted that the required Board of Trustees approval was obtained.

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY

TO THE HONORABLE SENATE OF THE UNIVERSITY OF CHICAGO
FOR THE DEGREE OF DOCTOR OF PHILOSOPHY
IN CHEMISTRY

BY
JAMES H. HARRIS
OF THE CITY OF CHICAGO

THESIS SUBMITTED TO THE FACULTY OF THE DIVISION OF THE PHYSICAL SCIENCES
IN CANDIDACY FOR THE DEGREE OF DOCTOR OF PHILOSOPHY
DEPARTMENT OF CHEMISTRY
UNIVERSITY OF CHICAGO
1955

DEPARTMENT OF CHEMISTRY
UNIVERSITY OF CHICAGO
CHICAGO, ILLINOIS

RESEARCH ASSISTANT
1952-1955

ADVISOR: PROFESSOR ROBERT M. HARRIS
REVIEWER: PROFESSOR ROBERT M. HARRIS
REVIEWER: PROFESSOR ROBERT M. HARRIS
REVIEWER: PROFESSOR ROBERT M. HARRIS

REVIEWER: PROFESSOR ROBERT M. HARRIS
REVIEWER: PROFESSOR ROBERT M. HARRIS

AUDIT REPORT

ITEM 5

July 30, 1990

William T. Hogan, President
University of Lowell
One University Ave.
Lowell, MA 01854

Dear President Hogan:

We have completed our review of University of Lowell's Tuition Retention Program for the period July 1, 1988 to June 30, 1989.

The purpose of our review was to determine whether the University's methodology and operating procedure relative to Chapter 164 of the Acts of 1988, Tuition Retention, are being executed in accordance with regulations as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

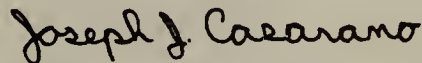
Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for:
 - a. Receipts and Revenues
 - b. Expenditures
2. Review of records to evaluate their completeness and accuracy as reported on MMARS.
3. Other review procedures to test for the University's compliance with applicable laws and regulations that may have a material affect.

Conclusion:

Based upon our review, University of Lowell has implemented a system of reporting and recording tuition retention which conforms with the Board of Regents Regulations. However, tuition retention was overstated by \$110,455. See attached Exhibit I for detailed audit results and comments.

Sincerely,



Joseph J. Casarano
Director, Compliance Unit

cc: S. Goodwin
R. Donahue
R. Bromery
Board of Regents

EXHIBIT I
UNIVERSITY OF LOWELL
AUDIT RESULTS AND COMMENTS

Field Auditor: James A. Sampson, S/A Compliance Unit
Audit Scope: Fiscal Year 1989 Tuition Retention Dollars
Exit Conference Date: May 30, 1990
Exit Conference Attendees: S. Goodwin, C. Gisondi, J. Perroni,
A. Richards, J. Casarano J. Sampson

A. Tuition Receipts:

Total tuition retention dollars calculated and credited by the University in F/Y 89 was \$1,035,000 on tuition dollars collected of \$10,487,698.

B. Tuition Retention Calculation:

Our review finds that total tuition retention earned should be \$924,545. The "specific identification" method is currently used by the University to calculate tuition retention. This method calculates tuition retention on an individual student account basis. The three exceptions noted during our review are:

1. The taking of tuition retention on Graduate Research and Teaching Assistants. These students were deemed ineligible for inclusion in the calculation of tuition retention by the Compliance Unit.
2. The exclusion of academically suspended (special academic program) students.
3. The additional tuition retention earned but not taken on tuition payments made during the last few days of the fiscal year.

Recommendation:

We recommend that the University make an adjustment to the tuition retention account to recognize the overstated income of \$110,455 identified in our review. The breakdown is as follows:

1. Teaching and Research assistants	(\$129,752)
2. Special Academic programs/suspendees	13,182
3. Full year computation	<u>6,115</u>
TOTAL OVERSTATEMENT	<u>\$110,455</u>

C. Reporting Requirements:

Our review of the University's requirement to submit spending plans noted that the plans were adequate in their breakdown of accounts and were filed with the Board of Regents.

Exhibit I (Cont.)

D. Disbursements:

The University's expenditure of tuition retention revenue conformed to regulations set forth by the Board of Regents of Higher Education. Our compliance test of expenditures showed no indications that any of the tuition retention funds were used to support regular "account 01" employees or pay for general plant operations "account 08" as defined in the Commonwealth's list of subsidiary accounts.

E. Board Approval:

During our review, we noted that Board of Trustees approval was acquired.

AUDIT REPORT

ITEM 6

August 8, 1990

Evan S. Dobelle, President
Middlesex Community College
Spring Road
Bedford, MA 01730

Dear President Dobelle:

We have completed our review of Middlesex Community College's Tuition Retention Program for the period July 1, 1988 to June 30, 1989.

The purpose of our review was to determine whether the methodology and operating procedure relative to Chapter 164 of the Acts of 1988, Tuition Retention, are being executed in accordance with regulation as prescribed by the Commonwealth of Massachusetts Board of Regents of Higher Education.

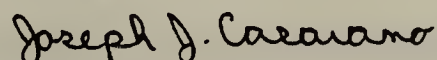
Our review procedure consisted of the following as they relate to Tuition Retention:

1. Study and evaluation of methods used for:
 - a. Receipts and Revenues
 - b. Expenditures
2. Review of records to evaluate their completeness and accuracy as reported on MMARS.
3. Other review procedures to test for the college's compliance with applicable laws and regulations that may have a material affect.

Conclusion:

Based on our review, Middlesex Community College, with the exception of overstating Tuition Retention by \$19,865, has implemented a system of recording and reporting tuition retention which conforms with the Board of Regents Regulations. See attached Exhibit I for detailed audit results and comments.

Sincerely,



Joseph J. Casarano
Director, Compliance Unit

cc: C. Cowan
J. Henderson
R. Bromery
Board of Regents

EXHIBIT I

MIDDLESEX COMMUNITY COLLEGE AUDIT RESULTS AND COMMENTS

Field Auditor: James Sampson, S/A, Compliance Unit

Audit Scope: Fiscal Year 1989 Tuition Retention Dollars

Exit Conference Date: July 6, 1990

Exit Conference Attendees: C. Cowan, D. Dery, J. Casarano, J. Sampson

A. Tuition Receipts:

Total tuition retention dollars calculated and credited by the college in F/Y 89 was \$147,000 on tuition dollars collected and deposited with the Treasurer of the Commonwealth prior to fiscal year end of \$1,532,591.

B. Tuition Retention Calculation:

Our review finds that total tuition retention earned should be \$127,135. The overstatement of \$19,865 was determined by using alternative means to calculate earned tuition retention and resulted principally from transactions which were not posted until after the close of the fiscal year. In addition, the following was noted in the college's calculation of tuition retention:

- o The college used a percent age method for the fall semester applying seven percent to tuition satisfied. No adjustment was made to update the estimated percentage to the actual percentage.
- o The college used the specific identification method for the spring semester. This method determines tuition retention on a student by student basis. Exceptions noted were:
 - o the calculation did not consider tuition retention on qualifying student waivers and remission,
 - o the taking of tuition retention on tuition satisfied after June 30, 1989.

Recommendation:

We recommend that the college record an adjustment to the tuition retention account to recognize the overstated income of \$19,865 identified in our review. We also recommend that the current program which calculates tuition retention on individual student accounts (specific identification) be adjusted to account for exceptions in the tuition retention system.

Auditee Response:

The Business Office has recorded the recommended adjustment and has implemented computer programming which calculates retention information on qualifying waivers.

EXHIBIT 1 (Cont.)

C. Reporting Requirements:

Our review of the college's requirement to submit spending plans noted that the plans were adequate in their breakdown of accounts and were filed with the Board of Regents.

D. Disbursements:

The college's expenditure of tuition retention revenue conformed to guidelines set forth by the Board of Regents of Higher Education. Our compliance test of expenditures showed no indications that any of the tuition retention funds were used to support regular "account 01" employees or pay for general plant operations "account 08" as defined in the Commonwealth's list of subsidiary accounts.

E. Board Approval:

Our review noted the required Board of Trustees approval was obtained.

AUDIT REPORT

ITEM 7

August 7, 1990

Mr. Howard Olsher
Director of State Audits
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02114

Dear Mr. Olsher:

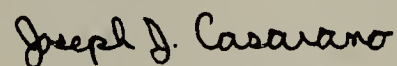
Enclosed is the Compliance Unit's Audit follow-up report and workpapers on the Bridgewater State College Single Audit for the year ending June 30, 1989.

The follow-up review determined to what extent the college had implemented their Corrective Action Plan as stated in the Single Audit Report.

Bridgewater State College has implemented the corrective action measures on the Excess Cash Balance finding as stated in their Corrective Action Plan. However, the current audit did find some excess cash in the College Work Study Program.

If you have any questions, please do not hesitate to call.

Sincerely,



Joseph J. Casarano
Director, Compliance Unit

cc: R. Bromery
Regents Audit Committee

Bridgewater State College
Single Audit Follow-up

Auditor:

Deborah Spearman

Exit Conference date:

August 2, 1990 by telephone

Exit Conference with:

James Sheehan

Audit Finding number 82: Excess Cash Balance

The college had reviewed and reconciled the month of June 1989 as recommended in the audit report. The dollar figure of \$101,700 mentioned in the report was reduced to \$41,401 by August 30, 1989 due to Pell and SEOG awards being processed. The balance of the funds were used to pay College Work Study and the account zero balanced in October of 1989.

The college first drew Federal Funds for Fiscal 90 in November of 89 due to the above error. All draw downs and disbursements for Pell, SEOG and Perkins were distributed in accordance with Federal Regulations, however College Work Study did have some excess cash at times during the year.

Recommendation:

The college should institute procedures to increase the number of times that it draws funds to cover the College Work Study Payroll to at least the number of payrolls during the year.

AUDIT REPORT

ITEM 8

August 7, 1990

Mr. Howard Olsher
Director of State Audits
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02114

Dear Mr. Olsher:

Enclosed is the Compliance Unit's Audit follow-up report and workpapers on the Springfield Technical Community College Single Audit for the year ending June 30, 1989.

The follow-up review determined to what extent the college had implemented their Corrective Action Plan as stated in the Single Audit Report.

Springfield Technical Community College has implemented the corrective action measures on the findings stated in their Corrective Action Plan for Pell, SEOG, Perkins and College Work Study Federal Funds. A problem still exists with regard to Institutional Matching of Federal Funds for College Work Study due to the late receipt of funds from the State.

If you have any questions, please do not hesitate to call.

Sincerely,

Joseph J. Casarano

Joseph J. Casarano
Director, Compliance Unit

cc: R. Bromery
Regents Audit Committee

Springfield Technical Community College
Single Audit Follow-Up

Auditor:

Deborah Spearman

Exit Conference date:

August 3, 1990 by telephone

Exit Conference with:

Thomas Burke

Finding Number 87: Excess Cash Balances

The college has reviewed and revised their procedures with regard to Federal Cash Drawdowns. All drawdowns and disbursements for Pell, SEOG, and Perkins Loan Programs were in accordance with Federal Regulations.

The College Work Study Program excess cash balances improved greatly during the Spring 90 award period. The late arrival of State Matching funds remains a problem. College Work Study funds are in an interest bearing account and the interest is paid back into the program in accordance with Federal Regulations.

Recommendation:

The college cannot use Federal Funds to temporarily meet the Institutional Match. The college should investigate the possibility of advancing funds from another source to meet the Institutional Match requirement.

AUDIT REPORT

ITEM 9

August 7, 1990

Mr. Howard Olsher
Director of State Audits
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02114

Dear Mr. Olsher:

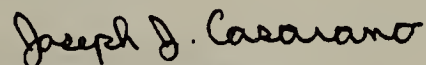
Enclosed is the Compliance Unit's Audit follow-up report and workpapers on the Fitchburg State College Single Audit for the year ending June 30, 1989.

The follow-up review determined to what extent the college had implemented their Corrective Action Plan as stated in the Single Audit Report.

Fitchburg State College has implemented the corrective action measures on three of the four findings. The Outstanding Check finding is in the final process of being resolved. However, during this follow up audit some excess cash was noted in the College Work Study Program.

If you have any questions, please do not hesitate to call.

Sincerely,



Joseph J. Casarano
Director, Compliance Unit

cc: R.Bromery
Regents Audit Committee

**Fitchburg State College
Single Audit Follow Up**

Auditor: Deborah Spearman

Exit conference date: August 7, 1990

Exit conference with: Michael Rivard

Audit Finding Number 83: Late College Work Study Institutional Match

The institutional match for the Award Year 89/90 was late. This was corrected in July 1990. The college is using unrestrictive non-appropriated funds to meet the institutional match required until the state funds arrive. This was confirmed by examination of the first payroll of Award Year 90/91.

Audit Finding Number 84: Inadequate Cash Management System

The college has reviewed and revised their procedures with regard to Federal Cash Drawdowns. All drawdowns and disbursements for Pell, SEOG, and Perkins Loan Programs were in accordance with Federal Regulations, and more closely matched to need.

The College Work Study Program did have some excess cash balances during the Award Year but with the funding of the required Institutional Match with school funds should resolve that problem.

Audit Finding Number 85: Award Rosters Not Updated

The new computer system has helped the college keep all award rosters up to date. A selection of students were tested and all award letters and rosters agreed.

Audit Finding Number 86: Outstanding Checks Over One Year Old

The college had requested direction from the The State Controllers Office as to how they should handled the outstanding checks, and had just received that direction at the time of the follow up audit. The college has mailed a Final Notice letter to the students who appear on the list.

Remaining unclaimed funds will be forwarded to the Commonwealth's Abandon Property Division.

AUDIT REPORT

ITEM 10

August 8, 1990

Mr. Howard Olsher
Director of State Audits
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02114

Dear Mr. Olsher:

Enclosed is the Compliance Unit's Audit follow-up report and workpapers on the Salem State College Single Audit for the year ending June 30, 1989.

The follow-up review determined to what extent the college had implemented their Corrective Action Plan as stated in the Single Audit Report.

Salem State College is still awaiting guidance from the Department of Education on Finding Number 90, "Federal Funds Not Returned". Salem State College has implemented the corrective action measure on Finding Number 91, "Excess Funds". However, there is a problem with the late receipt from the State of the Institutional Match for the College Work Study Program.

If you have any questions, please do not hesitate to call.

Sincerely,

Joseph J. Casarano
Joseph J. Casarano
Director, Compliance Unit

cc: R. Bromery
Regents Audit Committee

**Salem State College
Single Audit Follow Up**

Auditor:	Deborah Spearman
Exit Conference date:	August 7, 1990 by phone
Exit Conference with:	Matilda Delvecchio

Finding Number 90: Federal Funds Not Returned to the Federal Government:

The college has requested direction from the Department of Education, Student Financial Assistance, and as soon as an answer is received they will proceed as directed.

Finding Number 91: Excess Cash Balances:

The college has reviewed and revised their procedures with regard to Federal Cash Drawdowns. All drawdowns and disbursements for Pell, SEOG, and Perkins Loan Programs were in accordance with Federal Regulations.

The College Work Study Program excess cash balances improved greatly during the Spring 90 award period. The late arrival of State Matching funds remains a problem. College Work Study funds are in an interest bearing account and the interest is paid back into the program in accordance with Federal Regulations.

Recommendation:

The college cannot use Federal Funds to meet the Institutional Match. The college should investigate the possibility of advancing funds from another source to meet the Institutional Match requirement.

AUDIT REPORT

ITEM 11

August 10, 1990

Mr. Howard Olsher
Director of State Audits
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02114

Dear Mr. Olsher:

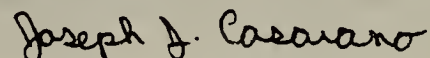
Enclosed is the Compliance Unit's Audit follow-up report and workpapers on the Massachusetts Bay Community College Single Audit for the year ending June 30, 1989.

The follow-up review determined to what extent the college had implemented their Corrective Action Plan as stated in the Single Audit Report.

Massachusetts Bay Community College has implemented their corrective action measures on the "Excess Cash Balances", however, one program, College Work Study Program still has some excess cash, but it is in an interest bearing account. The finding, "Interest Not Returned to the Federal Government", has been corrected.

If you have any questions, please do not hesitate to call.

Sincerely,



Joseph J. Casarano
Director, Compliance Unit

cc: R. Bromery
Regents Audit Committee

Massachusetts Bay Community College
Single Audit Follow Up

Auditor:	Deborah Spearman
Exit Conference date:	August 3, 1990 by telephone
Exit Conference with:	Edward Donahue

Finding Number 88: Excess Cash Balances

The college has reviewed and revised their procedures with regard to Federal Cash Drawdowns. All drawdowns and disbursements for Pell, SEOG, and Perkins Loan Programs were in accordance with Federal Regulations.

The College Work Study Program excess cash balances were substantially reduced for fiscal 90. College Work Study funds are in an interest bearing account and the interest is paid back into the program in accordance with Federal Regulations.

Recommendation:

The college should institute procedures to increase the number of times that it draws funds to cover the College Work Study Payroll to at least the number of payrolls during the year.

Finding Number 89: Interest Not Returned to the Federal Government

The college has instituted the recommendations of the prior audit team and returned the interest earned on Federal Funds to the Government. The College Work Study Funds are in an interest bearing account and all interest earned is paid into the fund.

AUDIT REPORT

ITEM 12

August 22, 1990

Mr. Howard Olsher
Director of State Audits
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02114

Dear Mr. Olsher:

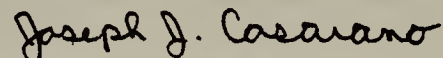
Enclosed is the Compliance Unit's Audit follow-up report and workpapers on the Greenfield Community College Single Audit for the year ending June 30, 1989.

The follow-up review determined to what extent the college had implemented their Corrective Action Plan as stated in the Single Audit Report.

Greenfield Community College has implemented their corrective action measures on the one finding as stated in their Corrective Action Plan. However, there is still some excess cash.

If you have any questions, please do not hesitate to call.

Sincerely,



Joseph J. Casarano
Director, Compliance Unit

cc: R. Bromery
Regents Audit Committee

Greenfield Community College
Single Audit Follow Up

Auditor: Deborah Spearman

Exit Conference date: August 22, 1990 by telephone

Exit Conference with: Thomas McKinley

Finding Number 97: Excess Cash Balance

The College has reviewed and revised their procedures with regard to Federal Cash Drawdowns. The drawdowns and disbursements are now more closely matched which resulted in a substantial reduction in the number of days and the amount of excess cash.

The prior audit report tested 8 drawdowns over a 4 year period with the following results:

<u>Date</u>	<u>Amount Advanced</u>	<u>Within 5 Days</u>	<u>After 5 Days</u>	<u>Delay in Days</u>
11-21-86	\$20,000	\$ 8,514	\$11,486	27
05-05-87	35,000	24,044	10,956	14
03-14-88	31,000	3,980	27,020	31
05-15-89	12,000	9,933	2,067	16

Our follow-up audit of the twenty-six drawdowns of \$664,600, since the prior audit, revealed the following:

- o Twenty draw downs which involved \$621,600 were drawn and disbursed according to regulations.
- o Six draw downs which involved \$43,000 did have excess cash, average amount of excess \$2,465. The excess was held an average of 6 days.

Recommendation:

The college should continue their efforts to reduce excess cash balances.

AUDIT REPORT

ITEM 13

September 5, 1990

Mr. Howard Olsher
Director of State Audits
Commonwealth of Massachusetts
One Ashburton Place
Boston, MA 02114

Dear Mr. Olsher:

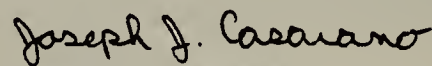
Enclosed is the Compliance Unit's Audit follow-up report and workpapers on the Massachusetts College of Art Single Audit for the year ending June 30, 1989.

The follow-up review determined to what extent the college had implemented their Corrective Action Plan as stated in the Single Audit Report.

Massachusetts College of Art has implemented the corrective action measures on four of the five findings as stated in their Corrective Action Plan. However, the current audit did find some excess cash balances in the Fall of 89 but in the Spring of 90 there was no excess cash.

If you have any questions, please do not hesitate to call.

Sincerely,



Joseph J. Casarano

Director, Compliance Unit

cc: R. Bromery
Regents Audit Committee

**Massachusetts College of Art
Single Audit Follow Up for 89/90**

Field Auditor:

Deborah Spearman

Exit Conference:

September 4, 1990

Exit Conference Attendees:

M. Spolidoro, D. Arpino
K. Berryhill, M. White
J. Casarano, D. Spearman

Finding #92: Discrepancies in Financial Reporting

The new Vice President of Administration and Finance has established new policies and procedures on Financial Reporting. The entire Student Financial Assistance disbursement cycle is now completed each time a disbursement run is done. The results of this new policy was evident in the follow-up audit covering award year 89/90.

The Vice President has also established a policy that the completion of required Financial Reports is the responsibility of all offices involved in Student Financial Assistance programs. Any variance in data input must be identified and researched immediately.

With the completion of the prior year reconciliations during the Summer of 90 and the implementation of the new policies and procedures, the PMS 272 report and the FISAP report for award year 89/90, due at the end of September, should be complete and accurate.

Finding #93: Guaranteed Student Loan Disbursements Not Adequately Documented

The Bursar has implemented new procedures with regard to the receipt and disbursement of GSL checks. The new procedures fulfill the necessary requirements outlined by Massachusetts Higher Education Assistance Corporation and the Department of Education.

Finding #94: Excess Cash Balance

The Mass. College of Art financial team has introduced new procedures that have enable them to match requests for federal funds to immediate need for disbursements. The audit of award year 89/90 revealed that there was excess cash on two draws during Fall of 89. During the Spring of 90 there was no problem with excess cash.

Recommendation:

The college should continue with their efforts on cash management. Experience gained this past year will enable the college to correct an excess draw in the future if one occurs.

Massachusetts College of Art (Cont.)

Finding # 95: College Work Study Payroll Exceptions

The audit of 89/90 award year revealed the College Work Study procedures necessary to ensure that time sheets have been properly signed have been established and enforced. No exceptions were found.

Finding # 96: Unreported Student Status Changes

The College has established adequate procedures to complete the Student Status Change form and notify the guarantee agencies of any changes that occur between Student Status Change Reports. The college did return the Student Status Change Report to the guarantee agency in a timely manner.

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APPENDIX C
BOARD OF REGENTS OF HIGHER EDUCATION
OFFICE OF COMPLIANCE
FUTURE AUDIT PLANS

APPENDIX C
BOARD OF REGENTS OF HIGHER EDUCATION
OFFICE OF COMPLIANCE
FUTURE AUDIT PLANS

For the next six months, the Compliance Unit plans to:

- o Continue efforts at Roxbury Community College in the assignment of National Defense Student Loans and the Single Audit effort for fiscal year 1990.
- o Continue to assist campuses in complying with Chapter 647, Internal Control Legislation.
- o Continue efforts in the area of non-appropriated funds (trust funds). Begin Phase I of two-part review concentrating on report requirements.
- o Begin tuition retention audits for fiscal year 1990.
- o Begin audits of schools (private and public) receiving Massachusetts State Scholarship funds.

In addition to the above, the Compliance Unit is available to assist senior management within the System of Higher Education with special tasks that require an independent appraisal of an activity.

THE UNIVERSITY OF CHICAGO

DEPARTMENT OF CHEMISTRY

REPORT FOR A YEAR

BY

JOHN EDGAR HOOVER

AND

WILLIAM L. BROWN

PRESENTED TO THE FACULTY OF THE UNIVERSITY OF CHICAGO

AT THE ANNUAL MEETING OF THE FACULTY

HELD AT CHICAGO, ILL., DECEMBER 1, 1900

CHICAGO, ILL., DECEMBER 1, 1900

PRINTED BY THE UNIVERSITY OF CHICAGO PRESS

CHICAGO, ILL., DECEMBER 1, 1900

UNIVERSITY OF CHICAGO PRESS

APPENDIX D
BOARD OF REGENTS OF HIGHER EDUCATION
OFFICE OF COMPLIANCE
ORGANIZATION

APPENDIX D
BOARD OF REGENTS OF HIGHER EDUCATION
OFFICE OF COMPLIANCE
ORGANIZATION

The Director of the Compliance Unit reports to the Chancellor of the Board of Regents of Higher Education through the Vice Chancellor for Fiscal Affairs and Management, with direct access to the Board of Regents of Higher Education's Audit Committee.

The staff of the Compliance Unit is comprised of four individuals:

DIRECTOR--Responsible for directing and supervising a broad, comprehensive program of internal auditing which assesses the adequacy and effectiveness of existing managerial and financial controls at each campus and the Board.

SENIOR AUDITOR--Responsible for performing audits reviewing and appraising the soundness, adequacy and applications of accounting, financial and operating controls including compliance with established policies, plans and procedures.

PROGRAM AUDITOR--Responsible for evaluating the policies and procedures that are in place for managing the various federal and state student financial aid programs.

ASSISTANT AUDITOR--Responsible for performing the administrative and clerical duties within the Compliance Unit and to assist the auditors in their review and appraisal of the accounting, financial and other data developed within The System.



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